



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

March 6, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF HEALTH SERVICES:
HARBOR-UCLA MEDICAL CENTER
SURGERY/EMERGENCY REPLACEMENT PROJECT
AUTHORIZE PROCUREMENT OF ADDITIONAL MEDICAL EQUIPMENT AND
EXECUTION OF A CHANGE ORDER FOR EQUIPMENT SEISMIC BRACING
CAPITAL PROJECT NO. 69220
(SECOND DISTRICT) (4 VOTES)**

SUBJECT

Approval of the recommended actions will authorize the Internal Services Department, as the County's Purchasing Agent, to procure additional fixed and major moveable medical equipment and the Department of Public Works to execute a change order with Hensel Phelps Construction Company to provide necessary medical equipment anchorage associated infrastructure elements for the Harbor-UCLA Medical Center Surgery/Emergency Replacement Project.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director of Internal Services Department, as the County's Purchasing Agent, to procure approximately \$14,925,000 of additional fixed and major moveable medical equipment for the Harbor-UCLA Medical Center Surgery/Emergency Replacement Project.
2. Delegate authority to Internal Services Department to solicit proposals and issue purchase orders for equipment with unit costs exceeding \$250,000, and within the overall amount budgeted for the additional fixed and major moveable medical equipment.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

3. Authorize the Director of Public Works to execute a change order with Hensel Phelps Construction Company to provide necessary medical equipment anchorage and infrastructure elements required to support this additional equipment for a \$800,000 not-to-exceed fee.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On September 8, 2009, your Board awarded a design-build contract to Hensel Phelps Construction Company (Hensel Phelps) for the Harbor-UCLA (H-UCLA) Medical Center Surgery/Emergency (S/E) Replacement Project at a total amount of \$170,857,000.

On September 21, 2010, your Board delegated authority to Internal Services Department (ISD), as the County's Purchasing Agent, to purchase certain medical equipment and related installation services in support of the H-UCLA S/E Project, within the approved medical equipment budget of \$34,862,000.

Subsequent to your Board's approval related to the medical equipment, the Project's medical equipment procurement team was requested by the H-UCLA's administration and medical staff to procure additional medical equipment that the facility deemed imperative to enhance timely patient care and efficient operations. The cost of this additional equipment at \$14,125,000 will be funded and procured by the Department of Health Services (Health Services).

Approval of this recommended action will allow ISD to proceed with the acquisition and installation of additional fixed and major moveable medical equipment including:

- Five additional mobile C-Arm Radiology Units to significantly enhance operating room efficiency. Three will be dedicated for use by the Orthopedic Surgery rooms and the remaining two units to be shared by the other surgical suites;
- Additional Diagnostic Ultrasound devices in the emergency and surgery departments to enhance timely delivery of clinical care;
- Additional stainless steel operating room storage and shelving in the emergency, surgery, and central sterile departments to keep required equipment nearby and optimize patient care and equipment processing;
- Additional flat screen physiological monitors to enhance real-time visualization by all team members during the surgeries, as well as to support the teaching mission of the hospital;

- Additional automated medication dispensers allocated in the emergency department to reduce the need for health practitioners to leave the patient/treatment area to obtain medications; and
- Additional ice makers and blood bank refrigerators allocated to reduce the time required to obtain necessary ice and refrigerated pharmaceutical products.

Your Board's policy requires departments to obtain Board approval prior to ISD soliciting bids or proposals for the purchase of equipment, if the unit cost of a piece of equipment exceeds \$250,000. We estimate that six items of the additional medical equipment will exceed the \$250,000 per unit cost limit as listed in Attachment B. In order to begin the procurement process, we are requesting that your Board authorize ISD to solicit proposals and issue purchase orders for these additional items. ISD will ensure that the proposals received are validated to be within the overall amount budgeted for this additional equipment prior to issuing the purchase orders.

A portion of the additional medical equipment requires additional anchorage and infrastructure elements. The cost for this support is estimated at \$800,000 and will be funded through the Project's change order contingency, within the amount previously authorized and approved by your Board. Approval of the recommended actions will allow the Department of Public Works (Public Works) to issue one or more construction change orders with a total not-to-exceed value of \$800,000. This will provide for the necessary anchorage and infrastructure elements required to support the additional equipment. These additional medical equipment items were not identified prior to the bidding process and, therefore, the medical equipment anchorage and infrastructure elements were not incorporated into the bidding documents or the current design.

Under its delegated authority, Public Works has issued a Proceed Order for a \$75,000 total amount for the work related to the proposed change, the value of which is included in the total \$800,000 estimate. Should your Board elect not to approve this change order to the Hensel Phelps agreement, the installation of the medical equipment anchorage and infrastructure elements can be completed by a Job Order Contract using the design documents produced by Hensel Phelps under this Proceed Order.

Green Building/Sustainable Design Program

The H-UCLA S/E Project was established and permitted by the Office of Statewide Health Planning and Development prior to your Board's enactment of the policy for Green Building/Sustainable Design Program; therefore, the Project does not require Leadership and Energy and Environmental Design certification for the new building. However, the Project will support your Board's Policy for Green Building/Sustainable Design Program to the extent feasible by using building materials that are composed of

recycled materials; strategically designing mechanical, plumbing, and electrical systems to optimize energy efficiency; reducing the amount of demolition materials that would be disposed in landfills; and constructing interior spaces to provide indoor environmental quality and a healthy work environment for Health Services staff and public members using the H-UCLA.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provision of Operational Effectiveness (Goal 1); and Children, Family, and Adult Well-Being (Goal 2), by investing in public health infrastructure and improving access to surgery and emergency services in the southern and western areas of the County. Completion of this Project will provide much needed improvements to the facility for the residents of the County.

FISCAL IMPACT/FINANCING

The recommended actions, if authorized, will not affect the overall Project budget, approved by your Board on September 8, 2009.

Health Services Operational Budget Impact

The total cost of the equipment related to this action is \$14,125,000 and includes \$2,776,000 in capital assets purchases. Of this equipment, \$10,604,000 will be financed through the Los Angeles County Capital Asset Leasing Corporation (LAC-CAL), with the remaining \$745,000 in Services & Supplies.

The Fiscal Year (FY) 2011-12 lease purchase costs are estimated at \$1,276,000. Funding for the total cost of the equipment is included in the FY 2011-12 Final Budget. The projected LAC-CAL costs for the remaining years of financing will be requested as part of the budget process in future years, and are included in the ' Fiscal Outlook.

Project Budget Impact

The work related to the medical equipment anchorage and infrastructure elements will be funded through the project's change order contingency, for an \$800,000 not-to-exceed fee, within the amount previously authorized and approved by your Board. This work will include all necessary services to provide the required medical equipment anchorage and infrastructure elements, including necessary design documents, plan check fees, inspections, and construction.

The Project Schedule and Budget Summary are included in Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On October 16, 2001, your Board adopted a policy, whereby departments must obtain Board approval to purchase equipment with a unit cost of \$250,000 or greater prior to submitting their requisitions for purchasing.

Under a management plan for procurement of medical equipment, developed by ISD, CEO, Health Services, and Public Works, each department will perform specific roles to ensure an integrated and coordinated procurement, as follows:

Public Works will:

- Prepare the performance specifications for the equipment in collaboration with Health Services to ensure the specified equipment complies with the Board-approved medical program and is coordinated with the building construction for each project;
- Review, in cooperation with Health Services, the proposals received to ensure conformance with the performance specifications; and
- Coordinate with the selected vendor to obtain shop drawings and ensure delivery of the equipment in coordination with the construction of each project.

The CEO and Health Services will:

- Review each request for proposals/invitation for bids prior to ISD releasing the request for proposals/invitation for bids to provide appropriate financing terms and conditions in the solicitation;
- Approve all purchase orders upon selection of the vendor to ensure that the purchase order is within the allocated budget for the project; and
- Monitor and manage the overall medical equipment budget for each project.

ISD will:

- Prepare each request for proposals/invitation for bids;
- Ensure that each procurement is conducted in accordance with County policies and procedures;

- In coordination with Health Services, manage the overall review of proposals and selections of vendors; and
- Issue final purchase orders. Supplemental purchase orders determined to be required to resolve coordination issues between the selected vendors and the construction contractors, as requested by Public Works, will be reviewed and approved by the CEO and ISD.

Hensel Phelps original design-build contract was solicited on an open competitive basis and bid in accordance with applicable Federal, State, and County requirements, and in compliance with the CEO and your Board's requirements.

Section 20137 of the Public Contract Code allows your Board, with a four-fifths vote, to authorize a change order to a construction contract that is 10 percent or less of the original contract amount without having to obtain bids for the work. The recommended change order in the not-to-exceed amount of \$800,000 represents 0.47 percent of the original contract amount.

The contract contains terms and conditions supporting your Board's ordinances, policies, and programs, including but not limited to: County's Greater Avenues for Independence (GAIN) and General Relief Opportunity for Work (GROW) Programs, Board Policy No. 5.050; Contract Language to Assist in Placement of Displaced County Workers, Board Policy No. 5.110; Reporting of Improper Solicitations, Board Policy No. 5.060; Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Board Policy No. 5.135; Contractor Employee Jury Service Program, Los Angeles County Code, Chapter 2.203; Notice to Employees Regarding the Federal Earned Income Credit (Federal Income Tax Law, Internal Revenue Service Notice 1015); Contractor Responsibility and Debarment, Los Angeles County Code, Chapter 2.202; and the Los Angeles County's Child Support Compliance Program, Los Angeles County Code, Chapter 2.200; and the standard Board-directed clauses that provide for contract termination or renegotiation.

ENVIRONMENTAL DOCUMENTATION

On April 11, 2006, your Board adopted a Mitigated Negative Declaration (MND) for the H-UCLA S/E Project and an Addendum to the MND on April 13, 2010. The recommended action is within the scope of the previously adopted MND and the Addendum to the MND, and will have no impact on the environment.

CONTRACTING PROCESS

The acquisition of equipment is under the statutory authority of the County's Purchasing Agent and will be requisitioned, solicited, and purchased in accordance with the County's purchasing policies and procedures.

On September 8, 2009, your Board awarded a design-build contract to Hensel Phelps for a total amount of \$170,857,000. To date, the Project is approximately 52 percent complete, and Public Works has executed 66 construction change orders totaling \$1,652,173 through its delegated authority, increasing the total contract amount to \$172,509,173. This change order, if approved, will increase the total contract amount to \$173,309,173, but will not impact the total Project amount.


IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this action will have no impact on current services.

CONCLUSION

Please return an adopted copy of this Board letter to the Chief Executive Office, Capital Projects Division; Department of Public Works, Project Management Division I; and Department of Health Services, Capital Projects Division.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Office

WTF:RLR:DJT
SW:TH:cvb

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Arts Commission
Health Services
Internal Services
Public Works

ATTACHMENT A

**DEPARTMENT OF HEALTH SERVICES:
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CAPITAL PROJECT NO. 69220**

I. PROJECT SCHEDULE

Project Activity	Board-Approved Schedule Completion Date	Proposed Schedule Completion Date
Environment Documents	04/11/06*	04/11/06*
<u>Make-Ready</u>		
Jurisdictional Approval	06/12/06*	06/12/06*
Construction Award	10/18/06*	10/18/06*
Construction Start	10/19/06*	10/19/06*
Substantial Completion	12/31/09	12/31/09*
<u>S/E Building</u>		
Contract Award	09/08/09	09/08/09*
Jurisdictional Approvals	12/26/11	12/26/11*
Construction Start	11/24/09	11/24/09*
Substantial Completion	07/24/13	07/24/13
<u>Backfill</u>		
Jurisdictional Approvals	TBD	TBD
Contract Award	TBD	TBD
Construction Start	TBD	TBD
Substantial Completion	TBD	TBD

*Indicates actual date.

II. PROJECT BUDGET SUMMARY

Project Activity	Approved Project Budget	Proposed Budget
Land Acquisition	\$ 0	\$ 0
Construction		
Low Bid Construction Contract	\$ 2,321,654	\$ 2,321,654
Design-Build Contract		
(a) S/E Building and Site	161,140,000	161,140,000
(b) Option for Parking Structure	9,717,000	9,717,000
Job Order Contract	16,852,000	16,852,000
Purchase Order Contract	3,500,000	3,500,000
Southern California Edison Contract	285,000	285,000
Change Orders Total	18,320,346	18,320,346
Department Crafts	0	0
Youth Employment	0	0
Construction Consultants	0	0
Misc. Expense		
Design-Build Stipends	250,000	250,000
Side Plate License	107,000	107,000
Builder's Risk Insurance	2,000,000	2,000,000
Other		
Telecomm Equip--Affixed to Building	2,100,000	2,100,000
Medical Equipment	32,762,000	32,762,000
Project Contingency	5,634,000	5,634,000
Civic Arts	0	0
Subtotal	\$255,082,000	\$255,082,000
Programming/Development	\$ 0	\$ 0
Plans and Specs	\$ 9,553,650	\$ 9,553,650

III. PROJECT BUDGET SUMMARY (CONT.)

Project Activity	Approved Project Budget	Proposed Budget
Consultant Services		
Site Planning	\$ 0	\$ 0
Hazardous Materials	490,000	490,000
Geotech/Soils Report & Soils Testing	1,006,000	1,006,000
Material Testing	3,960,000	3,960,000
Cost Estimating (gkkworks)	560,845	560,845
Topographic Surveys	190,000	190,000
Construction Mgmt (gkkworks)	20,139,834	20,139,834
Peer Review (gkkworks)	1,801,074	1,801,074
Design Management (gkkworks)	1,012,981	1,012,981
Environmental	600,000	600,000
Move Management	267,000	267,000
Equipment Planning	975,000	975,000
Legal	1,971,000	1,971,000
Construction/Change Order	0	0
Other: Document Management	2,637,000	2,637,000
Other: Commissioning (gkkworks)	823,266	823,266
Consultant Services Subtotal:	\$ 36,434,000	\$36,434,000
Miscellaneous Expenditures	\$ 262,000	\$ 262,000
Jurisdictional Review/Plan Ck/Permit	\$ 3,970,000	\$ 3,970,000
County Services		
Code Compliance Inspection	\$ 3,305,175	\$ 3,305,175
Quality Control Inspection	2,857,525	2,857,525
Design Review	150,000	150,000
Design Services	100,000	100,000
Contract Administration	554,015	554,015
Project Management	7,169,958	7,169,958
Project Management Support Services	509,000	509,000
ISD Job Order Contract Management	402,000	402,000
DPW Job Order Contract Mgmt	673,000	673,000
ISD ITS Communications	500,000	500,000
Project Security	0	0
Project Technical Support	581,268	581,268
Office of Affirmative Action	346,409	346,409
County Counsel	0	0
Regional Planning	15,000	15,000
Other: DPW Materials & Testing	10,000	10,000
Other: DPW Land Development	50,000	50,000
Other: DPW Traffic & Lighting	45,000	45,000
Other: DPW Design Division	10,000	10,000
Other: DPW Construction Division	10,000	10,000
Other: DPW Flood Maint. Division		
Subtotal	10,000	10,000
	\$ 17,298,350	\$ 17,298,350
TOTAL	\$322,600,000	\$ 322,600,000

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Items Exceeding \$250,000 per Unit Cost

Qty	Description	Unit Price	Extended Price
5	Mobile C-Arm Digital Radiology Unit	\$ 325,496.50	\$1,627,482.50
1	Diagnostic Ultrasound System	\$290,993.47	\$290,993.47